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4 MEETING  
5 OF THE  
6 GOVERNING BOARD OF  
7 CHICAGO DEVELOPMENT FUND

8 City Hall - Room 1000  
9 121 North LaSalle Street  
10 Chicago, Illinois

11 Tuesday, June 4, 2013  
12 2:05 p.m.

13 Mr. Andrew Mooney, Chairman  
14 Alderman Carrie Austin  
15 Alderman Thomas Tunney  
16 Ms. Aarti Kotak  
17 Mr. Scott Fehlan  
18 Ms. Alex Holt  
19 Mr. Mitchell D. Holzrichter  
20 Mr. Ben King  
21 Mr. Alexander J. Kritikos  
22 Ms. Tracy Sanchez  
23 Ms. Lois Scott  
24 Mr. James Simmons  
Mr. Tony Smith  
Mr. Kant Desai  
Ms. Jarese Wilson

Reported by: Barbara A. Wichmann  
CSR No. 084-001492

1           CHAIRMAN MOONEY: All right. Thank you for  
2 coming. We'll convene this meeting.

3                   I'll call the roll.

4                   Alderman Tunney.

5           ALDERMAN TUNNEY: Here.

6           CHAIRMAN MOONEY: Alderman Austin.

7           ALDERMAN AUSTIN: Present.

8           CHAIRMAN MOONEY: Director Holt.

9           DIRECTOR HOLT: Present.

10          CHAIRMAN MOONEY: And Andy Mooney is present,  
11 so we have a quorum.

12                   We don't intend to take too much of  
13 your time today because we had an earlier meeting  
14 that at least three of the members were able to  
15 attend.

16                   We did go through a lot of the  
17 material then. We didn't take any formal actions,  
18 but we did go through a lot of these materials.

19                   So unless you have some questions,  
20 Alderman Austin, that you would like to ask on the  
21 prior material, I think we'll just refer to it now  
22 and make it part of the record.

23                   So let me recognize Lois Scott, who  
24 is joining us, too, as a member of the board.

1                   So why don't we go through -- unless  
2   there is an objection, if we could go to item No. 5  
3   on the agenda, which is the consideration of the  
4   Near North Health Service Corporation project.

5                   So Tony?

6           MR. SMITH:   Sure.   Thank you.

7                   So the first project up on the  
8   docket today for consideration is a federally  
9   qualified health center/standalone clinic on the  
10   west side at north avenue and Kostner in the west  
11   Humboldt Park neighborhood.

12                  This is a 26,500 square-foot LEED-  
13   Gold new construction facility.  It will have 21  
14   exam rooms as well as a number of specialty  
15   services, so radiography, ophthalmology, and  
16   dental, all under one roof as part of an integrated  
17   medical home service delivery concept.

18                  Also some healthy food aspects to  
19   this project, an extensive rooftop garden that will  
20   be open to patients and the community at large, as  
21   well as a cooking demonstration kitchen.  So lots  
22   of intent to provide healthy foods access and  
23   educational outreach out of this facility in a very  
24   high diabetes neighborhood.

1                   And then also there is community  
2 meeting space baked into the facility as well; it  
3 will be open for neighborhood groups and residents  
4 to come and convene, for community affairs.

5                   It's in a deeply distressed census  
6 tract. The median family income in this location  
7 is just about half of the Chicago regional median.

8                   Here's a context map and aerial  
9 photo. So the project is in an existing shopping  
10 center that's anchored by a Menards facility. And  
11 there is Aldi next door, and then a few out-parcels  
12 that are not yet developed.

13                  So this facility is being built in a  
14 parcel that was sold to it by Menards and is  
15 fronting on Kostner Avenue across the street from  
16 the neighborhood.

17                  So the sponsor is Near North Health  
18 Service Corporation, which is a multi-site  
19 federally qualified health care center, clinic  
20 operator, that dates back to 1966. They currently  
21 have eight facilities in Chicago. Their flagship  
22 is right near the old Cabrini-Green site at  
23 Clybourn and just north of Division, but they also  
24 serve the west side and the south side fairly

1 extensively.

2                   So currently they serve about 40,000  
3 patients. And the average is two to three visits a  
4 year per patient, so about a hundred thousand  
5 visits annually for that patient base. They have a  
6 much higher uninsured patient population than some  
7 of their counterpart FQHC networks. 40 percent of  
8 their patients are covered through Medicaid, and  
9 then 4 through Medicare.

10                   So 74 percent of their clientele  
11 live below the federal poverty level.

12                   So this facility is a net expansion  
13 of their network. They currently have a leased  
14 space on Chicago Avenue that was -- that this place  
15 was going to replace, but they actually had so much  
16 demand at the Chicago Avenue space that this is  
17 going to be a net new facility, and they'll leave  
18 the leased facility on Chicago open.

19                   The projected community impacts from  
20 this facility include serving ten thousand patients  
21 per year in the first year, and growth after that;  
22 a very integrated package of services, including  
23 referral services to other specialty care that's  
24 not available on site, as well as extensive

1 ancillary services on site.

2                   Dental care and ophthalmology are  
3 particularly high-need services in low income  
4 communities in Chicago, and so this facility would  
5 include those on site. And then also a lot of  
6 attention given to a high diabetes population in  
7 the neighborhood, and a lot of the features in the  
8 facility to address that.

9                   Then three full-time nutritionists  
10 and four full-time diet clerks to work on the  
11 health and wellness aspects of the healthy foods  
12 for the patient base.

13                   Employment impacts. There's 34  
14 full-time employees, 27 of them new to the network,  
15 at an average hourly wage of \$22.59.

16                   Half of those roughly would require  
17 less than a bachelor's degree, so good job  
18 accessibility in that portion. And then Near North  
19 has a strong track record of hiring extensively  
20 from the neighborhoods surrounding their  
21 facilities, so they are targeting at least 50  
22 percent hiring of that type.

23                   They are a green facility to be  
24 certified LEED-Gold. They have a very extensive

1 geothermal heating and cooling system, and then an  
2 highly accessible green roof that is going to be  
3 part of the rooftop gardening component.

4 ALDERMAN TUNNEY: Can I ask --

5 MR. SMITH: Yes. Please.

6 ALDERMAN TUNNEY: Maybe it's -- I've been  
7 looking at so many numbers over the last two weeks,  
8 I want to make sure that I get your percentages  
9 right.

10 On the uninsured, am I -- how many  
11 people have insurance?

12 MR. SMITH: So --

13 ALDERMAN TUNNEY: I mean, outside of the  
14 Medicaid and Medicare. I didn't completely  
15 understand that line.

16 MR. SMITH: Sure. So 56 percent of their  
17 patients have no insurance.

18 ALDERMAN TUNNEY: 56 percent -- nothing.

19 MR. SMITH: Right.

20 ALDERMAN TUNNEY: But they're -- they would  
21 be eligible for Medicaid. No?

22 That's why I wanted to clear that up.

23 MS. SCOTT: Could be undocumented ...

24 MR. SMITH: Right. And/or single men have a

1 higher threshold of qualification for Medicaid than  
2 women with children do, and so they do have a  
3 significant amount of that population.

4 This is -- FQHC, as part of the FQHC  
5 designation is that you have to serve whoever walks  
6 in your door, regardless of the ability to pay.

7 And so Near North receives  
8 Chapter 330 funding from the U. S. Department of  
9 Health and Human Services to compensate in part for  
10 that dynamic. They do anticipate that a lot of  
11 their patients that are currently uninsured are  
12 going to be newly added to Medicaid after the  
13 Affordable Care Act gets implemented, at least by  
14 2014.

15 MS. SCOTT: What is the revenue stream?

16 Is it primarily -- is that  
17 50 percent federal government/50 percent state?

18 MR. SMITH: I believe it's primarily  
19 Medicaid. That's the dominant revenue stream for  
20 them.

21 ALDERMAN AUSTIN: And was it the health care  
22 center that determined that this was a high  
23 diabetic area? Who determined that?

24 MR. SMITH: I'm not sure where the --



1 ALDERMAN AUSTIN: I mean, I'm asking because  
2 you used it three times.

3 So where did you get that analysis  
4 from?

5 MR. SMITH: We have received that information  
6 from the Near North network. We haven't  
7 independently verified the diabetes level of the  
8 neighborhood.

9 MS. SCOTT: Okay. Because their ratio of  
10 uninsured is lower than mine at the Roseland  
11 Hospital. So that's the reason why I'm asking,  
12 because we have already been determined as a high  
13 diabetic area, as well as high blood pressure.

14 So who made that determination is  
15 the reason why I'm asking. You know, mine is more  
16 than 56 percent. So if mine is in trouble -- so  
17 I'm trying to understand what is it that they're  
18 doing besides management that would give them that  
19 designation.

20 MR. SMITH: I don't think there is a specific  
21 designation related to diabetes that they enjoy.

22 I do know that federally qualified  
23 health centers -- part of the tradeoff for the  
24 patients that they have to serve is that they also

1 receive enhanced Medicaid reimbursement rates for  
2 the same procedures, as compared to a hospital  
3 would.

4 ALDERMAN AUSTIN: Plus they are a health  
5 center, and we're a hospital.

6 MR. SMITH: Right.

7 ALDERMAN AUSTIN: All right. That's for now.

8 ALDERMAN TUNNEY: And back on the uninsured,  
9 we haven't resolved this issue on the Affordable  
10 Health Care Act for people that are not residents  
11 or citizens.

12 I mean, we have not -- I mean, I  
13 believe -- I hope -- there is going to be some at  
14 least interpretation, some clarification with the  
15 immigration bill, if it ever hits the floor, Senate  
16 floor, whatever, or the President's signature at  
17 some point.

18 I'm just -- the Affordable Health  
19 Care Act -- there are so many unanswered questions.  
20 And the time is looming to -- for anyone to make  
21 decisions about enrolling, and, you know, blah,  
22 blah, blah.

23 ALDERMAN AUSTIN: And why did they lose their  
24 lease at the former facility? Was it that they

1 needed more space or something? Or what ...

2 MR. SMITH: I believe so, yeah.

3 We don't -- we don't have a lot of  
4 details on what caused the lease to be lost.

5 But they were -- they intended to  
6 expand. They did receive a federal grant from  
7 HRSA.

8 MS. SCOTT: So this is a part of their  
9 expansion.

10 MR. SMITH: Yes.

11 CHAIRMAN MOONEY: Do you want to go over the  
12 financial?

13 MR. SMITH: Sure. So the proposed sources  
14 for the financing include that federal grant from  
15 HRSA that I mentioned. HRSA is a subunit within  
16 Health and Human Services that specifically deals  
17 with federally qualified health centers, and so  
18 they make capital grants to new facilities like  
19 this, as well as operating grants.

20 So HRSA grant funds are also a  
21 feature in the PCC Wellness deal and the Chicago  
22 Family Health Center deals that CDF has previously  
23 worked on.

24 And then about \$5 million in senior

1 debt. They're in the final stages of discussion  
2 with both JP Morgan Chase and MB Financial about  
3 that senior debt component and are likely to select  
4 one of those two providers.

5 The tax credit equity would come  
6 from JP Morgan Chase. The tax credit pricing is  
7 very favorable on this deal. It's 80 cents per  
8 dollar tax credit, a new record for CDF.

9 And the total allocation that CDF  
10 would be proposing to use here is \$11.45 million,  
11 so generally just a little bit more than \$3 million  
12 of net benefit out of a \$13.7 million project.

13 ALDERMAN AUSTIN: So we're going to provide  
14 the maximum, or the majority, if we're providing 11  
15 out of 13.

16 MR. SMITH: Well, so the tax credit  
17 allocation --

18 ALDERMAN AUSTIN: So we are providing them  
19 three.

20 MR. SMITH: Yes. The net benefit is 3,  
21 right.

22 MS. SCOTT: The face amount is 11.4.

23 But they can only go out in the  
24 market and get three.

1 MR. SMITH: Right.

2 ALDERMAN AUSTIN: All right.

3 MS. SCOTT: We see the same banks all the  
4 time, trying to be the community partners in these  
5 groups, you know. Same banks.

6 MB Financial, wherever they are,  
7 they just keep trying, doing right by the  
8 community.

9 CHAIRMAN MOONEY: Comments? Questions?

10 If not, could I have a motion,  
11 please.

12 ALDERMAN AUSTIN: Motion to pass.

13 CHAIRMAN MOONEY: Thank you. Second?

14 MS. HOLT: Second.

15 CHAIRMAN MOONEY: I have a motion and a  
16 second. All in favor, say aye.

17 (Chorus of ayes.)

18 CHAIRMAN MOONEY: Thank you.

19 We'll take the second project.

20 MR. SMITH: Sure. This one has been in  
21 discussions with CDF and the City of Chicago for  
22 quite some time. I believe 2007 might have been  
23 the initial encounter.

24 Breakthrough Urban Ministries is the

1 project sponsor. They are a social service  
2 organization on the west side in the Garfield Park  
3 neighborhood.

4 And the proposed project is actually  
5 two buildings kind of wrapped in a single project.

6 The FamilyPlex is the larger  
7 component, which is new construction of a 42,500  
8 square foot LEED-certified facility to expand their  
9 programs for homeless and low income families,  
10 including a leased space for a very small kind of  
11 mini-clinic operated by the Lawndale Christian  
12 Health Center.

13 And then the Joshua Center is a  
14 rehab project across the street, a 9,500 square  
15 foot space to expand their homeless women's program  
16 and food pantry program.

17 So the two sites are on the same --  
18 or very close to each other on West Carroll Avenue  
19 in the East Garfield Park neighborhood, an even  
20 more distressed neighborhood than the Near North  
21 facility is going into.

22 Median family income is about 40  
23 percent of the Chicago region average, or median.

24 And the poverty rate is over 50

1 percent, and the unemployment rate is over 23  
2 percent in this particular census tract.

3 A little project context here.

4 So there is the project site with  
5 the red star. So it's a little bit northeast of  
6 the Garfield Park Conservatory, and a little bit  
7 west of Kedzie Avenue.

8 The sponsor, Breakthrough Urban  
9 Ministries, is a 501(c)(3) nonprofit, very much  
10 East Garfield Park focused. They date back to the  
11 early nineties when they started out as purely a  
12 homeless services organization providing a drop-in  
13 shelter. Today they have a much broader spectrum  
14 of services, including transitional housing,  
15 employment training, health care service  
16 coordination for homeless and at-risk adults.

17 And then the FamilyPlex would be  
18 dramatically expanding their services to children  
19 and families in the neighborhood. So early  
20 childhood education, subsidized rate day care, a  
21 fitness center, and a cafe would be key components  
22 of the FamilyPlex.

23 So in terms of trying to quantify  
24 the impact, 4,000 patients a year is the projected

1 service level for the Lawndale Christian  
2 mini-clinic. Youth education would expand to  
3 almost 400 students, from just over a hundred.

4 And so they would offer preschool  
5 and enrichment programs, ranging from pre-K all the  
6 way to up high school, to assist with college  
7 preparatory readiness. And they would dramatically  
8 expand their fitness center to -- over fourfold,  
9 minor expansion to their homeless services, and  
10 then expansion of their healthy foods pantry,  
11 including kind of a mock grocery store format for  
12 that.

13 31 new jobs are projected from  
14 Breakthrough Ministries itself, as well as 19  
15 positions to be added to the Lawndale Christian  
16 Health Center tenant space.

17 Average wage for these jobs is just  
18 over \$16 an hour with full benefits for any full-  
19 time employees. And again, a very good  
20 accessibility level for these jobs; 31 out of 33  
21 positions require less than a bachelor's degree.

22 The facility also is going to be a  
23 very green building. LEED-Silver is projected, a  
24 green roof, geothermal system.



1                   In terms of the deal structure, a  
2 bit more complicated than the Near North  
3 transaction. They are in discussions -- more than  
4 discussions. They are in the redevelopment  
5 agreement drafting stage with the City of Chicago  
6 for TIF assistance as well.

7                   That TIF financing would be  
8 integrated with a New Markets structure, and the  
9 TIF money and a PNC Bank loan that's monetizing the  
10 TIF money would flow through as part of the  
11 leverage for the New Markets transaction.

12                  The organization itself is putting  
13 in over \$4 million of their balance sheet cash, as  
14 well as fundraising proceeds. They are also  
15 receiving a junior unsecured loan from some of  
16 their donors for \$1.3 million. So an array of  
17 sources that are being carefully configured to  
18 leverage through New Markets.

19                  PNC Bank would be the tax credit  
20 investor, along with senior lender position, and  
21 they will provide up to \$3 million -- or they will  
22 provide \$3 million, not up to -- but \$3 million of  
23 their own allocation as part of the \$16 million  
24 total transaction.

1                   So that's about \$3.8 million of net  
2 benefit coming from the CDF portion of this deal.

3           ALDERMAN TUNNEY: So on both of these  
4 projects, we have nutrition, cafe, need for  
5 expertise.

6                   Is there any public-private help  
7 there? Is there -- you know, I'm thinking, who's  
8 running these cafes? Who's -- you know, who's  
9 providing the management, and also the education?

10                   I mean, there's nutritionists on one  
11 of them. But you have cafes. And, you know, the  
12 first question I have is who's running the place,  
13 at least in terms of the food service, because it's  
14 really important that you get healthy food and you  
15 get it run well and you employ people and you get  
16 them trained. And you get them -- you know.

17                   So could we -- do you have any  
18 comment on that.

19           MR. SMITH: I know on Near North that they  
20 are hiring --

21           ALDERMAN TUNNEY: Is there any network with  
22 the -- like the Illinois Restaurant Association,  
23 saying, hey, here's an opportunity. Okay?

24                   You know, I mean, I think that

1 sometimes the restaurateurs want to know how they  
2 can help, how they can -- you know, they have  
3 product.

4 But, you know, I mean, I think that  
5 it would be interesting, since this is becoming  
6 a -- clearly a focus in our health centers, what  
7 are we doing in terms of networking, I should say,  
8 and then providing that training that ultimately  
9 could lead to jobs, better jobs, transition, and  
10 healthier people.

11 MR. SMITH: I don't have a ton of information  
12 that's right -- available at the moment about  
13 Breakthrough's -- the source of their donation.

14 Is that part of what you're getting  
15 at for the food management here?

16 ALDERMAN TUNNEY: It's the private --  
17 private-public -- I mean, Breakthrough of course is  
18 a not-for-profit. But, you know, there's a lot of  
19 expertise in this town in restaurants and food  
20 service. And what are we doing to link  
21 communities?

22 And, you know, I think it's -- you  
23 know, it could be an attractive project for -- you  
24 know, for a link between a chef and what they're

1 doing for the city, besides --

2 MR. SMITH: Yes.

3 MS. SCOTT: It's a very generous community as  
4 well, and they -- they really do a lot.

5 CHAIRMAN MOONEY: Let's find out. They may  
6 already have some relationships that we are not  
7 aware of.

8 MR. SMITH: Sure. Absolutely.

9 MS. SCOTT: A question. Urban Ministry and  
10 the Christian Health Clinic, we've checked all the  
11 religious issues, right?

12 We have to be careful.

13 MR. SMITH: So in the discussions with  
14 Breakthrough, there was certainly discussion about  
15 CDF's antidiscrimination policy that was adopted  
16 last November.

17 For a time they were thinking they  
18 would be asking for the board to specifically  
19 consider a -- it wouldn't be a waiver, but it would  
20 be kind of an accommodation under that existing  
21 policy, but in the framework that the board had  
22 already adopted.

23 But they've actually backed away  
24 from that. They're willing to fully commit to

1 every employee in this facility being hired on a  
2 fully nondiscriminatory basis, including religion.

3 CHAIRMAN MOONEY: Okay. Any other comments?

4 MR. DESAI: As far as their organization,  
5 what have they done as far as financial evaluation  
6 of the expansion of the services?

7 MR. SMITH: Sure. They have worked  
8 extensively with the Executive Service Corps, which  
9 is a nonprofit, retired executives, helping them do  
10 business planning.

11 So they've done a fairly granular  
12 analysis of the different services they would be  
13 offering, funding sources for those services, the  
14 risk level attached to them, and so they have  
15 carefully constructed the revenue stream for this  
16 new facility.

17 MR. DESAI: That's what I was wondering  
18 about.

19 CHAIRMAN MOONEY: Any others?

20 If not, could I have a motion?

21 MS. SCOTT: Motion.

22 CHAIRMAN MOONEY: May I have a second?

23 ALDERMAN TUNNEY: Second.

24 CHAIRMAN MOONEY: There is a motion to

1 approve the investment in Breakthrough Ministries.

2 All those in favor say aye.

3 (Chorus of ayes.)

4 CHAIRMAN MOONEY: We do have some  
5 housekeeping matters we can take care of, I think,  
6 rather quickly.

7 Moving back up to the top of the  
8 agenda, the approval of the minutes of November 13,  
9 2012, which have been distributed prior.

10 MS. SCOTT: Move.

11 ALDERMAN AUSTIN: Second.

12 CHAIRMAN MOONEY: All those in favor, say  
13 aye.

14 (Chorus of ayes.)

15 CHAIRMAN MOONEY: We need a new officer for  
16 the board. Aarti Kotak, I believe there is,  
17 somewhere in here -- I guess it's all the -- is it  
18 all the officers? Or just ...

19 MR. SMITH: It's two.

20 It's you being renominated as  
21 president, and then Aarti being nominated as VP,  
22 secretary-treasurer.

23 CHAIRMAN MOONEY: So I'm happy to leave the  
24 room if you all want to talk about me.

1                   Otherwise, if there is a motion --

2           ALDERMAN TUNNEY:   Motion.

3           MS. SCOTT:   Second.

4           ALDERMAN AUSTIN:   Second, and third.

5           CHAIRMAN MOONEY:   All those in favor, say

6   aye.

7                   (Chorus of ayes.)

8           CHAIRMAN MOONEY:   Thank you.

9                   And then finally, we have

10 distributed the 2012 annual report --

11           ALDERMAN AUSTIN:   Who is the VP?

12           CHAIRMAN MOONEY:   Aarti Kotak.

13           ALDERMAN AUSTIN:   Oh.   Okay.

14           CHAIRMAN MOONEY:   Thank you all.

15                   We have previously distributed the

16 2012 annual report.   I think you've had an

17 opportunity to review it.

18                   Unless there are questions, we need

19 a motion to approve.

20           ALDERMAN AUSTIN:   Move.

21           CHAIRMAN MOONEY:   Moved.

22           MS. HOLT:   Second.

23           CHAIRMAN MOONEY:   Second.   Thank you.

24                   All those in favor, say aye.

1 (Chorus of ayes.)

2 CHAIRMAN MOONEY: Thank you.

3 I don't think there is any other  
4 business today, and so a motion to adjourn?

5 ALDERMAN AUSTIN: Move to adjourn.

6 CHAIRMAN MOONEY: It doesn't need a second.

7 All those in favor say aye.

8 (Chorus of ayes.)

9 CHAIRMAN MOONEY: Thank you all.

10 (Which were all the proceedings  
11 had this day.)

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1 STATE OF ILLINOIS     )  
                                  ) SS:  
2 COUNTY OF C O O K     )

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4           I, Barbara A. Wichmann, do hereby certify  
5 that I reported in shorthand the proceedings of  
6 said hearing as appears from my stenographic notes  
7 so taken and transcribed under my direction.

8           IN WITNESS WHEREOF, I have hereunto set my  
9 hand and affixed my seal of office at Chicago,  
10 Illinois, this 19th day of June 2013.

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14           Illinois CSR No. 084-001492  
15           Notary Public, Cook County, Illinois  
             My commission expires August 1, 2015

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